

State of South Carolina  
Department of Revenue



MARK SANFORD  
Governor

RAY N. STEVENS  
Director

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August 31, 2007

Les Boles  
Director, Office of State Budget  
Columbia, South Carolina

RE Fiscal Year 2008-2009 Budget Requests for Department of Revenue

Dear Les Boles:

The Department of Revenue has no requests for additional funding or proviso changes. However, this is assuming the agency will receive the same level of budget appropriations as the current fiscal year, 2007-2008.

Thank you for your attention to this matter. Please call if I may be of service.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "D. John Taylor", is written over a horizontal line.

D. John Taylor  
Chief Financial Officer

Enclosure: Addendum: FY 2008-09 Cost Savings & Activity Priority Assessment

## 2008-09 ACTIVITY PRIORITY ADDENDUM

### I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: R 44 Department of Revenue

B.

<b>Priority Assessment of Activities – Highest Priorities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name: 1413 Collections	6,283,548	0	0	0	1,911,464	8,195,012	101
Activity Number & Name: 1414 Compliance	11,310,386	0	0	0	3,440,635	\$ 14,751,021	181
Activity Number & Name: 1415 Processing	4,607,935	0	0	0	1,401,740	6,009,675	74
Activity Number & Name: 1416 Taxpayer Assistance	3,770,129	0	0	0	1,146,878	4,917,007	60
Activity Number & Name: 1417 Legal	1,675,613	0	0	0	870,724	\$ 2,546,337	27
<b>TOTAL OF HIGHEST PRIORITIES</b>	<b>\$ 27,647,611</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 8,771,441</b>	<b>\$ 36,419,052</b>	<b>443</b>

## FY 2008-09 ACTIVITY PRIORITY ADDENDUM

### II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. Agency Section/Code/Name: R44 Department of Revenue

B. Agency Activity Number and Name: 1418 Property; 1419 Regulatory; 1420 Technology Support; and 1421 Administrative Support

C. Explanation of Lowest Priority Status:

The Department of Revenue believes all nine current activities are efficient and add value to the services provided to the citizens of the state. As such, it is difficult to prioritize these activities, especially as they relate to the core functions of the agency. Obviously, our activities such as Collections, Compliance and Processing are critical to the organization and the revenue collection of the state, thus have are the highest priorities.

The remaining activities are key support functions that are lower in priority when compared to the others listed above, but are essential to fulfilling the mission of the agency. Property, Regulatory, Technology Support and Administrative Support activities would be the lowest of our nine activities but involve necessary functions that may have a low priority yet are required. It is our position that no one activity is a low enough priority that it can be eliminated. However, there may be areas within certain activities for cost savings or reductions of coverage. There are certain tax types or legal requirements that are not cost effective for the agency or the state. Eliminating these would reduction processing and compliance costs. Additionally, as the agency completes the technology infrastructure improvements that are currently underway, there should be the opportunities to see resource savings in administrative support, processing and technology services.

D. Estimate of Savings:

<b>Estimate of Savings:</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>
<b>Personnel:</b>						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0

Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	400,000	0	0	0	0	\$ 0
<b>Total</b>	400,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):  
None

F.

<b>Summary of Priority Assessment of Activities</b>	<b>General</b>	<b>Federal</b>	<b>Supplemental</b>	<b>Capital Reserve</b>	<b>Other</b>	<b>Total</b>	<b>FTEs</b>
Activity Number & Name: 1418 Property	1675613	0	0	0	509724	2185337	48
Activity Number & Name: 1419 Regulatory	837806	0	0	0	254862	1092668	14
Activity Number & Name: 1420 Technology Services	7,540,257	0	0	0	4,993,757	12,534,014	121
Activity Number & Name: 1421 Administrative Support	4189032	0	0	0	1274309	5463341	67
<b>TOTAL OF LOWEST PRIORITIES</b>	14,242,708	\$ 0	\$ 0	\$ 0	7,032,652	21,275,360	250